



Melvin Capital Management LP

Part 2A of Form ADV

The Brochure

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This Part 2A of the Form ADV (the “Brochure”) provides information about the qualifications and business practices of Melvin Capital Management LP (“Melvin Capital” or “Investment Adviser”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“CCO”), Evan Cohen, at 212-373-1275 or ecohen@melvincapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Melvin Capital is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2: Material Changes

There are no material changes since the filing of our last annual amendment to Form ADV Part 2A, which was filed on March 17, 2019. However, this Brochure has been updated to reflect recent developments in Melvin Capital's business.

This Brochure may be requested, without charge, by contacting Melvin Capital's CCO at 212-373-1275 or ecohen@melvincapital.com.

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Item 4: Advisory Business

Melvin Capital Management LP (“Melvin Capital” or the “Investment Adviser”), a Delaware limited partnership, was formed in October 2014. The Investment Adviser commenced operations as an investment adviser on December 11, 2014. Gabriel Plotkin, Founder and Portfolio Manager of Melvin Capital (the “Portfolio Manager”), is the principal owner of Melvin Capital.

The Investment Adviser serves as the management company with discretionary trading authority to private pooled investment vehicles, the securities of which are offered to Investors (as defined below) on a private placement basis (each, a “Fund” and collectively, the “Funds”), and separately managed accounts (“Managed Account(s)”). The Funds include (i) Melvin Capital LP, a Delaware limited partnership (the “Onshore Fund”); (ii) Melvin Capital Offshore Ltd, a Cayman Islands exempted company (the “Offshore Fund”); (iii) Melvin Capital Master Fund Ltd, a Cayman Islands exempted company (the “Master Fund”); (iv) Melvin Capital II LP, a Delaware limited partnership (the “Onshore Fund II”); (v) Melvin Capital II Offshore Ltd, a Cayman Islands exempted company (the “Offshore Fund II,” and collectively with the Onshore Fund, the Offshore Fund, and the Onshore Fund II, the “Feeder Funds”); and (vi) Melvin Capital II Ltd, a Cayman Islands exempted company (the “Master Fund II”). The Onshore Fund and the Offshore Fund invest substantially all of their assets through a “master feeder” structure in the Master Fund, and the Onshore Fund II and the Offshore Fund II invest substantially all of their assets through a “master feeder” structure in the Master Fund II. The Investment Adviser also serves as the investment manager to Melvin Capital Onshore LP, a Delaware limited partnership (the “3(c)(1) Fund”) which also invests pursuant to a substantially similar strategy as the Master Fund. As used herein, the term “Client” generally refers to each Fund and each Managed Account.

Melvin Capital GP, LLC (the “General Partner”), a Delaware limited liability company and an affiliate of the Investment Adviser, serves as the general partner of the Funds formed as limited partnerships.

The investment activities of Melvin Capital are led by the Portfolio Manager. A number of other investment professionals employed by Melvin Capital or its affiliates assist with the execution of Melvin Capital’s investment strategy. Investment decisions for each (i) Client are guided and controlled by the stated investment objectives set forth in its offering documents and/or advisory agreements; and (ii) Managed Account are subject to each Managed Account’s investment objectives and guidelines, as set forth in the Managed Account’s investment management agreement, as well as any written instructions provided by the Managed Account holder to the Investment Adviser.

Melvin Capital’s principal objective for its Clients’ is to generate superior, risk-adjusted returns by employing a long-short equity strategy. The Investment Adviser employs a bottom-up, fundamental research-driven process to identify investments. The Investment Adviser invests primarily in publicly traded common stock of U.S. issuers, on both the long and short sides, that the Investment Adviser believes generates positive risk-adjusted returns on invested capital. Melvin Capital also uses other instruments, such as, among other things, depository receipts, rights, warrants, options, contracts for difference, derivatives, other instruments linked to the value of common stock, fixed income securities and other debt instruments, and foreign exchange hedges and commodity hedges.

Investment advice to the Funds is provided directly to the Funds and not individually to the limited partners or shareholders of the Funds (the “Investors”).

Shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests or shares in the Funds are offered and sold exclusively to Investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions. This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The Investment Adviser tailors its advisory services as described in the investment program of the relevant Client’s private placement memorandum or as set forth in such Client’s organizational documents (e.g., a Client’s limited liability company agreement) and/or as set forth in the investment management agreement with such Client.

In addition, the Investment Adviser has the right to enter into agreements, such as side letters, with certain underlying Investors of the Funds that may, in each case, provide for terms of investment that are more favorable to the terms provided to other underlying Investors of the Funds. The Investment Adviser may, in the future, enter into such agreements that include the following terms (i) greater transparency into a Client’s portfolio; (ii) different redemption rights; (iii) greater information than may be provided to other Investors; (iv) different fee terms; (v) more favorable transfer rights; and (vi) key-person notifications.

As of December 31, 2019, Melvin Capital had \$13,101 million regulatory assets under management, managed on a discretionary basis.

Item 5: Fees and Compensation

The fees and expenses applicable to each Fund are set forth in detail in each Fund's offering documents. The fees and expenses applicable to each Managed Account are set forth in detail in each Managed Account's investment management agreement. The terms of the agreements are generally established at the time of the formation of the applicable Fund or Managed Account relationship. Investors should review all fees charged by Melvin Capital and other service providers to fully understand the total amount of fees to be borne by a Fund and, indirectly, by its Investor. Managed Accounts should review all fees charged by Melvin Capital as set forth in their investment management agreement to understand the amount of fees borne by the Client. A summary of such fees is provided below.

Clients pay the Investment Adviser a management fee calculated and payable quarterly in advance, at an annual rate of two percent (2%) of the applicable Client's net asset value. The management fee is prorated for any subscription, redemption or withdrawal by an Investor that is effective other than as of the first day of a quarter. The Investment Adviser, in its sole discretion, waives, reduces or calculates the management fee differently with respect to certain Investors or Managed Accounts.

Each Fund and Managed Account pays the Investment Adviser or an affiliate of the Investment Adviser performance-based compensation (the "Incentive Fee Percentage") in an amount of twenty percent (20%) to thirty percent (30%) on a linear sliding scale, based on the gross return above the high water mark applicable to the Investor or Managed Account (calculated after the deduction of expenses, but before the deduction of management fees and any incentive fees).

The Incentive Fee Percentage shall be determined as follows:

If the cumulative year-to-date gross return at the end of each accounting period (rounded to the nearest hundredth of a percent) applicable to the Investor or Managed Account is greater than zero percent (0%) but less than or equal to twelve percent (12%), the Incentive Fee Percentage for such fiscal year with respect to such Investor shall equal twenty percent (20%).

If the cumulative year-to-date gross return at the end of each accounting period (rounded to the nearest hundredth of a percent) applicable to the Investor or Managed Account is greater than twelve percent (12%) but less than or equal to twenty-two percent (22%), the Incentive Fee Percentage for such fiscal year shall equal the sum of twenty percent (20%) plus X, where X is equal to the excess of such return (rounded to the nearest hundredth of a percent) over twelve percent (12%).

If the cumulative year-to-date gross return at the end of each accounting period (rounded to the nearest hundredth of a percent) applicable to the Investor or Managed Account is greater than or equal to twenty-two percent (22%), the Incentive Fee Percentage for such fiscal year shall equal thirty percent (30%).

The incentive fee shall be calculated by multiplying the applicable Incentive Fee Percentage by the entire cumulative year-to-date gross return (above the high water mark) after the deduction of management fees and fund expenses.

Melvin Capital and its affiliates reserve the right to waive or reduce the management fee or incentive fee for certain Investors, including, without limitation, Investors that are members, directors, shareholders, partners, affiliates or employees of the General Partner or the Investment Adviser, members of the immediate families of such persons and trusts or other entities for their benefit. The General Partner is not subject to any management fee.

Melvin Capital and its employees do not accept compensation for the sale of securities or other investment products. Melvin Capital's management fee and incentive compensation are separate from brokerage commissions, transaction fees, and other related costs and expenses, which are incurred by the Funds and/or Managed Accounts. Item 12 below further describes the factors that Melvin Capital considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

In addition to paying management fee and performance-based compensation, each Client bears all expenses incidental to its organization and ongoing operation. If the expense relates to more than one Fund, the Investment Adviser generally allocates these expenses on a pro rata basis based on the net asset value of the Fund accounts, unless another methodology is determined by the Investment Adviser to be more equitable among participating Funds. While the Investment Adviser believes that this allocation is fair and reasonable, alternatives exist that may yield different results.

With respect to expenses attributable to one or more of the Clients and the Investment Adviser, the Investment Adviser seeks to allocate such expenses fairly, taking into consideration: (i) the extent of the utilization of the services associated with the expense; (ii) the relative benefit that is derived from the expense; and (iii) the association of the expense with a legal, contractual or other obligation.

As more particularly set forth or described in the offering documents, organizational documents, investment management agreement of a particular Client and/or the Investment Adviser's expense-related policies and procedures, a Client may bear some or all of the following organizational and operating costs and expenses, without limitation:

- costs, and expenses associated (directly or indirectly) with the negotiation, financing, sourcing, acquiring, holding, monitoring, hedging, settling, and disposing of investments or proposed investments;
- other transaction costs, including, without limitation, transaction fees, custodial fees, brokerage fees, commissions, consulting, advisory, due diligence, investment banking, legal, financial, auditing, accounting, research, third-party consulting, and other professional fees and expenses related to investments and proposed investments, as well as all fees, expenses, interest payments, and principal payments due to any lenders, investment banks, and other financing sources in connection with the financing, sourcing, acquiring, holding, monitoring, hedging, and disposing of investments or proposed investments;
- custodial fees, appraisal fees and expenses;
- all entity-level taxes, fees, or other governmental charges;

- costs of any insurance, including, without limitation, errors and omissions insurance, directors and officers insurance, if any, and other insurance policies with respect to the Partnership's business and affairs;
- directors' fees;
- expenses incurred in the collection of monies owed to the Client;
- legal, auditing, research, and accounting fees and expenses (including, without limitation, fees and expenses of any administrator of any Fund);
- expenses associated with the preparation and delivery of financial statements, tax returns and Schedules K-1, if any;
- extraordinary expenses, including, without limitation, litigation-related and indemnification expenses including indemnification obligations, whether payable in connection with a proceeding involving a Fund or otherwise, and including the amount of any judgment or settlement paid in connection therewith;
- costs of any reporting to Investors;
- reasonable expenses incurred in connection with any meetings of Investors and reasonable expenses of the members and meetings of any committee of the Funds;
- expenses incurred in connection with the dissolution, liquidation, and termination of the Funds;
- any "broken-deal" or failed transaction expenses;
- expenses incurred in connection with the preparation of amendments to the offering documents of the Funds; and
- costs associated with third-party data providers (i.e., data used by analysts, Bloomberg software, Order Management System/Execution Management System, risk system, treasury financial analytics system).

Funds do not bear expenses related to the Investment Adviser's:

- accounting system;
- research-related travel;
- non-investment team systems;
- compliance-related costs; and

- cost of general liability insurance.

Clients that invest in money market mutual funds, ETFs or other registered investment companies bear a proportionate share of the related fees and expenses in addition to the fees paid to Melvin Capital.

Item 6: Performance Based Fees and Side-by-Side Management

Melvin Capital manages Managed Accounts and Funds that are charged a performance-based fee or allocation as described in Item 5. The performance-based compensation gives the Investment Adviser an incentive to engage in more speculative investment strategies in an effort to maximize a Client's gross profits and receive greater compensation. Such fee arrangements also create an incentive to favor higher paying accounts over other accounts in the allocation of investment opportunities. The Investment Adviser has described its investment opportunity allocation practice more specifically in Item 12, Brokerage Practices. Generally, the Investment Adviser determines to allocate trades among all Clients within a strategy, subject to certain Client restriction or other constraints, on a pro-rata basis in accordance with net assets, or as the Investment Adviser determines to be otherwise fair and equitable across all Clients.

Item 7: Types of Clients

Melvin Capital provides investment advisory services to various pooled investment vehicles and Managed Accounts, as described above. Beneficial owners of Funds and Managed Accounts include institutions, pension plans, high net worth individuals and other sophisticated Investors.

Generally, the minimum initial investment in the Funds is \$1 million. However, Melvin Capital, in its sole discretion, accepts smaller initial investments from time to time.

The minimum initial investment in a Managed Account varies, but generally exceeds \$50 million.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Investment decisions for each Fund are guided and controlled by the stated investment objectives set forth in its offering documents and advisory agreements. Similarly, the Investment Adviser's investment decisions and advice with respect to each Managed Account are subject to each Managed Account's investment objectives and guidelines, as set forth in the Managed Account's investment management agreement, as well as any written instructions provided by the Managed Account holder to the Investment Adviser.

Melvin Capital's principal objective for its Clients' is to generate superior, risk-adjusted returns by employing a long-short equity strategy. The Investment Adviser employs a bottom-up, fundamental and detailed process to identify investments primarily in publicly traded common stock of U.S. issuers, on both the long and short sides, that the Investment Adviser believes generates positive risk-adjusted returns on invested capital. Melvin Capital uses other instruments, such as, among other things, depository receipts, rights, warrants, options, contracts for difference, derivatives, other instruments linked to the value of common stock, fixed income securities and other debt instruments, and foreign exchange hedges and commodity hedges.

The strategies employed by Melvin Capital carry substantial risk, may be deemed highly speculative, and the following risks are not intended to be a complete list or explanation of the risks involved in an investment in the Funds or strategies advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser.

General. Melvin Capital's strategies are designed only for sophisticated investors who are able to bear the economic risk of loss of their investment. There can be no assurance that Melvin Capital correctly evaluates the nature and magnitude of the various factors that could affect the value of and return of investments.

Operating Deficits. The investment strategies employed by Melvin Capital involve the taking of frequent trading positions, and, as a result, turnover and brokerage commission expenses are, in certain instances, significant.

Leverage. Melvin Capital utilizes leverage, which decreases returns if Clients fail to earn as much on leveraged investments as they pay for such funds.

Concentration of Investments. Client's portfolios may be concentrated by investment or sector. Accordingly, these portfolios are subject to more rapid change in value than would be the case if the portfolios were less concentrated.

Options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than other investment risks.

Derivatives. Derivatives, swaps and certain options and other customer derivative or synthetic

instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty, absence of direct ownership or control of underlying investments, illiquidity, leverage and delay in payments to clients upon termination of portions of such derivative instruments.

Short Sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on client's portfolios. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover short positions will be available for purchase.

Small and Medium Capitalization Companies. Investing in small and medium capitalization companies are more volatile than large capitalization securities and the risk of bankruptcy or insolvency of many smaller companies is higher than larger "blue chip" companies.

Trade Errors. The Investment Adviser places a substantial amount of trades for clients, which could result in trade errors and losses for Clients.

Investment Timing and Trading Risks. The portfolio of the Master Fund II is determined by reference to the portfolio of the Master Fund. While pursuant to Melvin Capital's policies on the allocation of trading opportunities the Master Fund II generally trades in parallel to the Master Fund with respect to positions in issuers that are present in both portfolios, the Master Fund frequently enters into smaller positions that do not initially satisfy the criteria for inclusion in the Master Fund II's portfolio. Similarly, the Master Fund II exits positions, including profitable positions, which the Master Fund continues to hold or reduces, where such positions no longer meet the investment criteria of the Master Fund II. These timing differences may result in material differences in the trading results in positions that are present in both the portfolio of the Master Fund and the Master Fund II.

Prospective investors and clients should review the applicable offering and disclosure documents carefully and completely, and consult with their professional advisers before deciding to invest.

Melvin Capital and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both Melvin Capital and its Funds and Managed Accounts to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from a Fund or Managed Account. While Melvin Capital has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to

seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, Melvin Capital and its Funds and Managed Accounts cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Funds and Managed Accounts and/or the issuers in which the Funds and Managed Accounts invest.

Clients are also subject to the risk that war, terrorism, pandemics and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the world's economies and markets generally, as well as adverse effects on issuers of securities and the value of a Client's investments. These events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Client's investments.

Item 9: Disciplinary Information

To the best of Melvin Capital's knowledge, there are no legal or disciplinary events that it believes would be material to our clients' or our prospective clients' evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

As previously disclosed in Item 4, Melvin Capital GP, LLC, a Delaware limited liability company and affiliated with the Investment Adviser, serves as the general partner of the Funds formed as limited partnership. The Funds are controlled by the General Partner and/or the board of directors, as applicable, who will delegate to the Investment Adviser discretion over the management of such Clients' investment activities.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, Melvin Capital has adopted a written Code of Ethics (the “Code”) predicated on the principle that the Investment Adviser owes a fiduciary duty to the Clients and the Investors. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of Melvin Capital (individually, the “Employee” and collectively, the “Employees”) and each Employee’s spouse, minor children and other family members living in his or her household, as well as each other individual designated in writing by a compliance officer as being subject to all or a portion of the compliance procedures or policies adopted by the Investment Adviser. The Investment Adviser requires its Employees to act in the Clients’ best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper. Clients wanting to review the Code of Ethics may request a copy from the CCO at ecohen@melvincapital.com.

The Code incorporates the following general principles that all Employees are expected to uphold:

- Employees must at all times place the interests of Clients first;
- All personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an Employee’s position of trust and responsibility must be avoided;
- Employees must not take any inappropriate advantage of their positions (e.g., misuse of proprietary or confidential information learned as part of an employee’s job function);
- Information concerning the identity of securities and financial circumstances of the Clients, including the Investors and Managed Account holders, must be kept confidential; and
- Independence in the investment decision-making process must be maintained at all times.

Employees are generally prohibited from transactions in single name companies (including initial public offerings) in their personal accounts and must pre-clear other transactions involving Reportable Securities (as defined in the Code), including securities obtained through a private placement before completing the transactions. Employees must disclose all accounts and holdings initially upon commencement of employment, and annually thereafter. In addition, Employees are also required to provide the Investment Adviser with quarterly reports regarding transactions and newly opened personal accounts thereafter.

The Investment Adviser receives information that restricts its ability and causes its Clients to become restricted in its investment activities. As a result, the Investment Adviser’s Clients may be prohibited from buying or selling, and as a result, be required to maintain a position that we might have otherwise exited, or be unable to enter a position. Furthermore, this may result in significant losses, not avoiding losses or not realizing a profit in certain investments.

The Investment Adviser generally does not affect cross trades between or among Clients (i.e., causing one or more Client to sell investments to one or more other Client) except for monthly rebalancing trades, if needed. The Investment Adviser rebalances Client accounts if it determines that positions are not pro rata across Melvin Capital Funds and the Managed Accounts, accounting for new capital and within five (5) basis points exposure. In order to make this determination, the Investment Adviser adjusts its assets under management at the end of each month to account for inflows and outflows, and runs a modeler on the first (1st) day of each month to ensure that all positions are pro rata across Melvin Capital Funds and the Managed Accounts. If a position is off by more than five (5) basis points of capital, then the modeler levels the positions, automatically creating trades. Melvin Capital Funds and the Managed Accounts that are under exposed are increased and Melvin Capital Funds and the Managed Accounts that are overexposed are decreased. Rebalancing trades are executed by crossing client accounts or in the market (taking market risk), as determined by the Investment Adviser taking into account applicable law.

If the Investment Adviser determines it is in the best interest of its Clients to effect a cross trade, Melvin Capital seeks to reduce the transaction costs to Clients of such account adjustments. All such cross trades were and will be consistent with the investment objectives and policies of each Client account involved in the trades and applicable law. To the extent that cross trades are viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in a Client by the General Partner, the Investment Adviser and/or its personnel, the General Partner and/or the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act.

Item 12: Brokerage Practices

As noted previously, the Investment Adviser has full discretionary authority to manage the Funds and Managed Accounts, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures and each Fund's and/or Managed Account's investment guidelines.

Portfolio transactions for each Client are allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers provide other services that are beneficial to the Investment Adviser and/or certain Clients, but not beneficial to all Clients. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Investment Adviser considers, among other things, the following: quoted prices; commissions and other execution or operational fees; research; general market commentary; economic information; industry or company commentary; technical data; recommendations; the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; access to hard to borrow securities; and the provision by the brokers of talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow. Accordingly, the commission rates (or dealer markups and markdowns) charged to the Funds and Managed Accounts by brokers or dealers is higher than those charged by other brokers or dealers who do not offer such services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

The Investment Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Certain Managed Accounts select their own prime brokers or custodians through which to clear and hold their investments. Alternatively, Managed Accounts may choose not to open a prime broker or custodian relationship with a firm that the Funds have established a relationship, which occasionally prevents such Managed Account(s) from participating in certain transactions that would otherwise have been recommended by Melvin Capital. In the event of the foregoing, Melvin Capital may not be able to achieve best execution for such Managed Account(s) transactions, and this practice of directed brokerage may cost such Managed Account(s) more money.

Research and Other Soft Dollar Benefits

The Investment Adviser receives from a Client's broker-dealers products and services of the type described above in addition to brokerage services. The Investment Adviser seeks to obtain goods and services that fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. The services received from broker-dealers and paid for by Client commissions are used by the Investment Adviser, including servicing other Clients, and certain of such services are not used to benefit the Client paying the commission.

The relationships with broker-dealers that provide Melvin Capital with soft dollar goods and services influence its judgment in allocating brokerage transactions and create a conflict of interest in using the services of those broker-dealers to execute transactions. The brokerage fees paid by a Client benefit the Investment Adviser at the expense of the Client, to the extent that soft dollars are used to pay the Investment Adviser's expenses that are not otherwise reimbursable by the Client. We believe these relationships benefit both us and our Clients, but a Client's transactions executed through these broker-dealers may or may not be at the best price or lowest cost otherwise available. Moreover, soft dollars are used disproportionately, under certain circumstances, to purchase products or services for certain Clients, where the Investment Adviser could otherwise use these soft dollars to service the Investment Adviser's other Clients. Where a product or service obtained with soft dollars provides research and non-research assistance to the Investment Adviser (i.e., a "mixed use" item), the Investment Adviser makes a good faith allocation of the cost, which is paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest exists by reason of the Investment Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Investment Adviser and those that primarily benefit the Funds and/or Managed Accounts. The Investment Adviser seeks to allocate such expenses fairly, taking into consideration the extent of the utilization of the product or services associated with the expense. The costs of such benefits and services associated with non-research assistance are allocated to the Investment Adviser, and the costs associated with research assistance are paid for with soft dollars.

During the last fiscal year, the Investment Adviser and its related persons paid for the following items with soft dollars: research, investment related news services, data analytics, third party vendor data, and investment services that included a risk system, Bloomberg software, an Order Management System, market data, and a treasury financial analytics system.

Prime Broker and Custodian Selection

We have selected and retained prime brokers and custodians for the Funds. The prime brokerage agreements entered into by and among the Investment Adviser, the Funds and prime brokers contain provisions that limit each prime broker's liabilities to that Fund and under which that Fund must indemnify that prime broker. The Investment Adviser may replace a prime broker or appoint additional prime brokers and custodians at any time. Some of the factors that the Investment Adviser considers when selecting a prime broker include price, clearance, settlement, efficiency of execution and error resolution, block trading and block positioning capabilities, order of call, offering to the Investment Adviser electronic access to data regarding its Client's accounts, the availability of stocks to borrow for short sale transactions, custody, recordkeeping, reputation, financial strength and stability and similar services and other matters involved in the receipt of prime brokerage services generally. Each prime broker may also provide the Investment Adviser with administrative services, such as technology services (including IT support and disaster recovery systems), capital introduction services, consulting services, portfolio reporting and access to electronic communication networks. Although many prime brokers provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if we did not receive these services from the prime brokers, we would be required to pay for all or some of them. The Investment Adviser is not required to direct a particular number of trades to any prime broker or continue to use any prime broker as a Fund's custodian, but the Investment Adviser has an incentive to do so based on the prime broker's

prior and continued services.

At least annually, the Investment Adviser considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Funds and Managed Accounts on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case does the Investment Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor does it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Investment Allocation

The Investment Adviser uses reasonable efforts to allocate investment opportunities (including new issues) in a manner that we believe is equitable over time among Clients, but there can be no assurance that a Client will participate in any particular investment opportunity or on an equal or pro-rata basis with any other Client. In determining how to allocate investment opportunities among Clients, we consider, among other things, investment objectives, investment strategies, tax issues, regulatory consequences, odd lots, investment restrictions, availability of clearing, credit and financing, and other considerations. As a result, we determine that certain investment opportunities are appropriate for certain Clients and not others. The Investment Adviser attempts to address this potential conflict of interest of favoring one Client over another by monitoring on an ongoing basis that all Clients are treated fairly and equitably to ensure that investments made for the Funds and Managed Accounts are appropriate without regard to the performance, in accordance with its investment allocation policies and procedures.

Trade Aggregation

The Investment Adviser may, but is not required, to execute transactions in aggregate and allocate portions of the executed trade(s) among participating Clients. Although we anticipate that aggregating Client trades benefits the participating Clients overall, aggregating orders may disadvantage an account. Clients participating in an aggregated order generally receive the average price of any transactions executed pursuant to that order. Aggregated orders and the transaction costs associated with aggregated orders generally are allocated pro rata among all participating Clients in accordance with their participation in the order. Executed transactions, including partial executions and new issues allocations, are generally allocated to Clients on a pro rata basis based on the initial order size for each Client.

Trade Errors

From time to time, during the course of trading for the Clients, trading errors occur. Melvin Capital has adopted a trading error policy that applies to the Clients. Trade errors include, for example, (i) the placement of orders (either purchases or sales) in excess of the amount of securities a Client intended to trade; (ii) the sale of a financial instrument when it should have been purchased; (iii) the purchase

of a financial instrument when it should have been sold; (iv) the purchase or sale of the wrong financial instrument; (v) the purchase or sale of a financial instrument contrary to regulatory restrictions or Client investment guidelines or restrictions; (vi) incorrect allocations of financial instruments; (vii) keystroke errors that occur when entering trades into an electronic trading system; and (viii) typographical or drafting errors related to derivatives contracts or similar agreements. Trade errors result in losses or gains. The Investment Adviser generally endeavors to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a counterparty, such as a broker-dealer, the Investment Adviser seeks to recover any losses associated with such error from the counterparty.

The Investment Adviser is not liable for trade errors in any Fund or Managed Account resulting from (i) any mistake of judgment or action or inaction taken by such Employee honestly and in good faith that such Employee reasonably believed to be in or not opposed to the best interests of Client, and, in the case of criminal proceedings, that such Employee had no reasonable cause to believe was unlawful; or (ii) actions or inactions taken by any person selected or engaged with reasonable care by any Employee. In the absence of gross negligence by the Investment Adviser, the Funds and/or Managed Accounts (and not the Investment Adviser) benefit from any gains resulting from trade errors and are responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, except as determined from the above provisions in the Investment Adviser's sole discretion.

Item 13: Review of Accounts

All investments and Client accounts are continuously reviewed by Melvin Capital's Chief Investment Officer. Among other factors, asset allocation, cash management, market prospects, macro-economic environment, market outlook, company earnings, concentration, and price levels are considered.

Melvin Capital provides each Investor in the Funds with the following reports in accordance with the terms of the governing documents of the applicable Fund: (i) audited annual financial statements within 120 days after the end of the fiscal year; (ii) performance updates on at least a monthly basis; and (iii) annual tax information necessary to complete the applicable tax returns.

Melvin Capital provides various reports to its Managed Account holders ranging from daily reporting of certain transactions to weekly and monthly reports of net appreciation in the Managed Accounts.

Item 14: Client Referrals and Other Compensation

The Investment Adviser does not directly compensate any person for Client or Investor referrals.

Item 15: Custody

All Fund assets are held in custody by unaffiliated broker-dealers or banks. While Melvin Capital does not maintain physical custody of Fund assets, certain affiliates have custody, pursuant to Rule 206(4)-2 of the Advisers Act due to their ability to access the accounts of the Funds through their position as the general partner of the Funds. Investors do not receive statements directly from the Funds' custodians. Instead, the Funds are subject to an annual audit and audited financial statements are distributed to each Investor. Audited financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles and distributed within 120 days of each Fund's fiscal year end.

The Investment Adviser does not have custody of the Managed Accounts, which are held in custody by unaffiliated broker/dealers or banks. Managed Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by the Investment Adviser.

Item 16: Investment Discretion

Melvin Capital has discretionary authority over the investment activities of all of the Funds and the Managed Accounts. Melvin Capital invests the assets of the Funds and the Managed Accounts in accordance with the investment policies and objectives and the restrictions described in the relevant Fund offering documents or the relevant Managed Account's investment management agreement.

Item 17: Voting Client Securities and Class Actions

The Funds and Managed Accounts grant the Investment Adviser with authority to cast proxy votes. In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Melvin Capital has adopted and implemented written policies and procedures governing the voting of Client securities. The following is a summary of the key provisions:

- Investment Adviser's policy to exercise the proxy vote in the best interest of its Clients, taking into consideration all relevant factors, including without limitation, acting in a manner that Melvin Capital believes (i) maximizes the economic benefits to the relevant Client; and (ii) promotes sound corporate governance by the issuer.
- The Investment Adviser has retained a third-party service provider to provide research recommendations, voting and recordkeeping services with respect to Clients' securities for which Melvin Capital has proxy voting authority.
- While Melvin Capital assesses each proxy on a case-by-case basis, the Investment Adviser generally votes with management in situations where the third-party service provider and management recommendations are alike.
- The Investment Adviser chooses not to vote if doing so is costly or impractical or we otherwise deem it unnecessary or unwarranted for any other reason.
- If the Investment Adviser identifies a material conflict of interest with respect to a proxy, the Investment Adviser seeks to not place our interests ahead of our Client's in voting such proxy. In such instances, Melvin Capital generally votes in accordance with the third-party service provider recommendation to mitigate such conflict; provided that Melvin Capital, in monitoring such third-party service provider, does not identify any material conflict of interest with respect to such third-party service provider in connection with such proxy.
- The Investment Adviser retains a third-party service provider to assist in identifying, asserting, and filing claims on behalf of Melvin Capital's Clients in connection with class action securities litigation.
- From time to time, in the sole and absolute discretion of the Investment Manager, one or more Funds may participate in class action securities litigation; any proceeds received from such class action securities litigation is allocated to limited partners and/or shareholders of such Funds as of the time of receipt of such proceeds.

A copy of Melvin Capital's written proxy voting policies and procedures, as well as a record of how Melvin Capital has voted in the past, is maintained and available for review by Clients upon written request by contacting the CCO at ecohen@melvincapital.com.

Item 18: Financial Information

A balance sheet is not required to be provided as Melvin Capital (i) does not solicit fees more than six months in advance; (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients; or (iii) has not been subject to any bankruptcy proceeding during the past ten (10) years.